Ceres

Sustainability is the bottom line.

November 1, 2017

Re: The state of the autonomous vehicle and electric vehicle industry in Michigan

Dear Members of the Michigan House Transportation and Infrastructure Committee and Senate Transportation Committee,

I am pleased to submit comments on behalf of Ceres to address how Michigan can build infrastructure to support electric vehicles (or EVs) and a cleaner public transit system. Ceres is a sustainability nonprofit mobilizing the most influential investors and companies to build leadership and drive solutions throughout the economy. This joint hearing is a crucial first step in learning from stakeholders about the investment and infrastructure needs required to support an effective EV market, improve air quality, and continue to cut carbon emissions in Michigan. We appreciate the opportunity to provide comments, bring the private sector perspective into the discussion, and participate in this important dialogue.

In 2016, emissions from the transportation sector surpassed that of the electric power industry in the U.S. Businesses across Michigan are working to reduce emissions in their own operations, and many support policies that help accelerate the transition to a clean, low-carbon economy. To this end, businesses are increasingly looking to states and utilities to support EV adoption and associated charging infrastructure. Not only do EVs cut emissions, they also reduce fuel, and maintenance costs compared to conventional vehicles. In addition, off-peak EV charging can take pressure off the grid—helping all ratepayers save money on their electricity bills. With the right policies and programs in place, Michigan can provide widespread benefits to all ratepayers including offering reduced electricity rates, cleaner air, and protection from oil price volatility.

A recent report by M.J. Bradley & Associates found significant potential for EV growth and subsequent savings for ratepayers, regardless of whether or not they own an EV. According to the report, Michigan ratepayers can expect to save up to $2.6 billion on their electricity bills by 2050, and reap $5.7 billion from reduced greenhouse gas emissions. EV owners can also expect significant savings on fuel and maintenance costs, estimated at $23.1 billion.

An upcoming report by Ceres and M.J. Bradley & Associates reinforces these findings with similar conclusions, and focuses in twelve large electric utilities in seven states. By 2035, EVs are projected to generate between $7 billion and $40 billion in cumulative benefits for California, Georgia, Maryland, Massachusetts, New York, Ohio, and Pennsylvania alone. Approximately 22 percent of these benefits will accrue directly to EV owners as savings in vehicle operating costs, 36 percent will accrue to ratepayers as savings on their electric bills, and 42 percent will accrue to society at large through the benefits of greenhouse gas and criteria emissions reductions. Michigan can tap into these benefits by offering EV incentives, and investing in and supporting EV charging infrastructure and programs.

State lawmakers play a critical role in creating the infrastructure necessary for increased EV deployment. Lawmakers have an opportunity to set us on a pathway toward significant long-term emissions reductions in the transportation sector. As you consider the future of Michigan's automotive industry, we offer the following recommendations for consideration.

- Develop programs and offer incentives to support the growth and transformation of the EV market. This includes consumer awareness and education as well as cash rebates, grants, and tax credits for the purchase of EVs and installation of EV charging infrastructure. Adopting California's ZEV program pursuant to section 177 of the Clean Air Act is also key to accelerating EV deployment in the state.

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- Allocate the maximum amount (15 percent) of VW Environmental Mitigation Trust funds on charging infrastructure for EVs. In order to create a market in which EVs can thrive, it is essential to create a state-wide EV charging network that is easily accessible for all.
- Locate EV infrastructure investments at sites that are best situated to accelerate and maximize clean vehicle adoption, including workplaces, entertainment venues, highway corridors and multi-unit dwellings. Strategic siting can extend electric range for EV drivers, reducing "range anxiety," and spur additional vehicle sales.
- Remove barriers to installing EV charging infrastructure. Where appropriate, ensure that new developments are EV charging "ready" and that processes, from permitting to building codes, enable rather than restrict the speedy installation and strategic siting of charging infrastructure.
- Foster a competitive marketplace by supporting investments that add to existing and planned infrastructure. Investments in EV charging infrastructure should address gaps in the current market, and in current funding sources, and should not displace existing or planned investments. Allowing competition in the EV charging infrastructure market is critical to keeping consumer costs low.
- Solicit and support electric utility program proposals for consumer education and charging infrastructure investment. Of particular importance is the implementation of well-designed time-of-use charging rates which will maximize consumer fuel cost savings and reduce stress on the grid during peak use hours, thereby reducing electricity costs for all ratepayers.
- Prioritize investment in communities disproportionately affected by higher levels of pollution, nonattainment or maintenance areas, or designated Federal Class 1 areas.

In 2016, the number of EVs in the United States surpassed 600,000, and this number continues to grow. By 2040, Bloomberg New Energy Finance estimates 54 percent of new car sales and 33 percent of the global car fleet will be electric. Michigan is among the top 10 states in total EV sales and top 20 by share of the total vehicle market. In order to ensure continued growth, appropriate policies are critical. As a leader in the U.S. auto industry, Michigan has a unique opportunity to encourage development of the EV market, and stands to benefit from the increased revenue and job growth associated with the development and manufacture of advanced technologies.

I hope you will consider these suggestions as you work to develop a plan for Michigan's clean transportation future. A swift transition to a cleaner transportation system would benefit Michigan's economy by bolstering the state's auto industry while reducing fuel and health costs.

Thank you for your consideration. I look forward to working with you on this important matter moving forward.

Sincerely,

Alli Gold Roberts

Alli Gold Roberts
Senior Manager, State Policy, Ceres

CC: Governor Rick Snyder, Chairman of the Senate Energy and Technology Committee Mike Nofs, and Valerie Brader, Executive Director, Michigan Energy Agency

Ceres is a sustainability nonprofit organization leading the most influential companies and investors to take action on clean energy policy.